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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

**PROFESSIONAL FINANCIAL INVESTORS,
INC.,** a California corporation, et al.,

Debtors.

Case No. 20-30604 (HLB)

(Jointly Administered)

Chapter 11

**PFI TRUSTEE'S SEVENTH OMNIBUS
OBJECTION TO CLAIMS
(SATISFIED SCHEDULED REAL
ESTATE PROPERTY TAX CLAIMS)**

Date: March 17, 2022
Time: 10:00 a.m.
Judge: Hon. Hannah L. Blumenstiel
Place: Telephonic/Video
Appearances Only

**TO THE HONORABLE HANNAH L. BLUMENSTIEL, UNITED STATES BANKRUPTCY
JUDGE:**

Pursuant to section 502 of title 11 of the United States Code (the "Bankruptcy Code"), Federal Rule of Bankruptcy Procedure 3007, and Rule 3007-1 of the Bankruptcy Local Rules, Michael Goldberg (the "PFI Trustee"), trustee for the PFI Trust (the "PFI Trust") established pursuant to the *Modified Second Amended Joint Chapter 11 Plan of Professional Financial Investors, Inc. and its Affiliated Debtors Proposed by the Debtors and Official Committee of Unsecured Creditors and Supported by the Ad Hoc LLC Members Committee and Ad Hoc DOT Noteholders Committee filed on November 1, 2021* [Dkt. No. 964] (the "Plan"), hereby objects (the

1 “Objection”) to the scheduled claims identified on the attached **Exhibit 1** (the “Claims”) for the
2 persons and entities identified thereon (the “Claimants”) on the grounds that the Claims have already
3 been satisfied in whole by PFI and its affiliated debtors (the “Debtors”), and the Claims should be
4 disallowed.

5 The Objection is based on the *Declaration of Michelle Herman in Support of Trustee’s*
6 *Seventh Omnibus Objection* (the “Herman Declaration”) filed herewith, and any other evidence
7 properly before the Court, prior to or at any hearing on the Objection. Pursuant to the Court’s *Order*
8 *Approving Joint Motion For Order Approving (A) Procedures for Filing Omnibus Objections to*
9 *Claims and (B) The Form and Manner of Notice of Omnibus Objections* [Docket No. 1032], the PFI
10 Trust is not required to attach the Proofs of Claim to this Objection.

11 **I.**

12 **BACKGROUND**

13 **A. The Bankruptcy Case**

14 On July 16, 2020, creditors of Professional Investors Security Fund, Inc. (“PISF”),
15 commenced an involuntary chapter 11 bankruptcy action against PISF, Case No. 20-30579 (the
16 “PISF Case”). On July 26, 2020, PISF filed a consent to the entry of an order for relief in the PISF
17 Case, entered by the Court on July 27, 2020.

18 On July 26, 2020, PFI (together with PISF, the “Original Debtors”) commenced its
19 bankruptcy case by filing a voluntary chapter 11 petition. Subsequently, PFI commenced
20 involuntary petitions against its affiliated LLCs and limited partnerships (the “LLC/LP Debtors”).

21 **B. The Confirmed Plan and the PFI Trust**

22 By order dated November 2, 2021, this Court confirmed the Plan [Docket No. 966].
23 December 15, 2021 is the Effective Date of the Plan.

24 Pursuant to Section 7.2 of the Plan, the PFI Trust, acting through the PFI Trustee, is
25 authorized to object to claims.

26 The Court retained jurisdiction under the Plan to hear and determine commenced claims
27 objections. Plan, Article IX.

Pursuant to the Plan, the Claim Objection Deadline is 180 days after the Effective Date (*i.e.*, July 13, 2022). Plan, §1.26.

C. The Claims

On May 13, 2021, the Debtors filed their amended schedules, which listed certain secured real estate taxes owed to governmental authorities.

The Debtors' scheduled real estate tax obligations were paid during the pendency of the cases.

II.

ARGUMENT

A. The Court Must Determine the Allowance of a Claim Subject to Objection

With certain exceptions, section 502(b) of the Bankruptcy Code requires, in relevant part, that if a party in interest objects to a claim, "the Court, after notice and a hearing, shall determine the amount of such claim in lawful currency of the United States as of the date of the filing of the petition, and shall allow such claim in such amount, except to the extent that -- (1) such claim is unenforceable against the debtor and property of the debtor, under any agreement or applicable law for a reason other than because such claim is contingent or unmatured"

B. Burden of Proof

All allegations set forth in a properly filed proof of claim are taken as true and, if the allegations set forth all facts necessary to establish a claim and are not self-contradictory, the proof constitutes *prima facie* evidence of the validity and amount of the claim. 11 U.S.C. § 502(a); Fed. R. Bankr. P. 3001(f). However, a claimant must attach copies of writings upon which claims are based in order to carry its burden of establishing a *prima facie* case against the debtor. *Hardin v. Gianni (In re King Investments Inc.)*, 219 B.R. 848, 858 (B.A.P. 9th Cir. 1998). Further, a claim should not be allowed if that claim is unenforceable against the debtor and property of the debtor, under any agreement or applicable law. 11 U.S.C. § 502(b)(1).

Once the objector raises "facts tending to defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves," *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), then "the burden reverts to the claimant to prove the validity of the claim by a

1 preponderance of the evidence.” *Ashford v. Consolidated Pioneer Mortgage (In re Consolidated*
2 *Pioneer Mortgage)*, 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995), *aff’d*, 91 F.3d 151 (9th Cir. 1996).
3 “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623. In
4 considering an objection to a claim, a bankruptcy court may take judicial notice of the underlying
5 records in a bankruptcy case. *O’Rourke v. Seaboard Surety Co., (In re ER Fergert, Inc.)*, 887 F.2d
6 955, 957-958 (9th Cir. 1998).

7 **C. The Objection**

8 Based upon a review of each of the Claims listed on **Exhibit 1**, their supporting
9 documentation and PFI’s books and records, the Trustee has determined that each Claim on **Exhibit**
10 **1** should be disallowed because they are unenforceable against the Debtors under applicable law as
11 they have been satisfied and should therefore be disallowed and expunged from the claims registry
12 in order to ensure that a double recovery is not received.

13 **III.**

14 **RESERVATION OF RIGHTS**

15 Notwithstanding anything contained in this Motion or the attached exhibits, nothing herein
16 shall be construed as a waiver of any rights that the Trustee may have to (a) bring avoidance actions
17 under the applicable sections of the Bankruptcy Code, including, but not limited to, 11 U.S.C. § 547,
18 against the holders of the Claims; or (b) exercise any right of setoff against the holders of the Claims
19 relating to such avoidance actions.

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IV.

CONCLUSION

WHEREFORE, the PFI Trustee respectfully requests that the Court enter an Order:

1. Sustaining the Objection in its entirety;
2. Disallowing the Claims listed on **Exhibit 1** applicable to the Claimant;
3. Preserving any and all rights of the PFI Trustee to pursue affirmative claims against any Claimant; and
4. Granting such other relief as is just and proper.

Dated: February 10, 2022

PACHULSKI STANG ZIEHL & JONES LLP

By /s/ John D. Fiero

Debra I. Grassgreen

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Cia H. Mackle

Attorneys for Michael I. Goldberg,

Trustee of the PFI Trust

EXHIBIT 1
Claims to be Disallowed

Date Scheduled	Claim No.	Claimant Name	Debtor	Classification	Amount	Basis for Disallowance
5/13/2021	50600	MARIN COUNTY	PROFESSIONAL INVESTORS 48, LLC	SECURED	\$42,689.76	The full amount was paid across two checks; check 1195 (\$29,708.67) and check 1196 (\$12,981.09), both dated 4/9/2021
5/13/2021	50601	MARIN COUNTY	PROFESSIONAL INVESTORS 49, LLC	SECURED	\$65,765.84	The originally scheduled claim amount was incorrect and should have been reflected as \$63,778.78. The tax bill (\$63,778.78) and two supplemental tax bills (\$20,267.34 and 47,485.46) totaling \$131,531.68 were paid by check 1127, dated 4/9/2021
5/13/2021	50584	MARIN COUNTY TAX COLLECTOR	PROFESSIONAL INVESTORS 46, LLC	SECURED	\$106,544.36	Full amount paid; check 1199, dated 4/9/2021
5/13/2021	50585	MARIN COUNTY TAX COLLECTOR	PROFESSIONAL INVESTORS 23, LLC	SECURED	\$139,555.56	Full amount paid; check 2291, dated 4/9/2021
5/13/2021	50586	MARIN COUNTY TAX COLLECTOR	PROFESSIONAL INVESTORS 25, LLC	SECURED	\$99,280.96	Full amount paid; check 2130, dated 4/9/2021
5/13/2021	50587	MARIN COUNTY TAX COLLECTOR	PROFESSIONAL INVESTORS 34, LLC	SECURED	\$146,768.94	Full amount paid; check 1829, dated 4/9/2021
5/13/2021	50588	MARIN COUNTY TAX COLLECTOR	PROFESSIONAL INVESTORS 27, LLC	SECURED	\$82,161.88	Full amount paid; check 2244, dated 4/9/2021
5/13/2021	50589	SONOMA COUNTY TAX COLLECTOR	PROFESSIONAL INVESTORS 29, LLC	SECURED	\$16,736.72	The tax bill was corrected. The full amount of the corrected bill, \$16,386.06, was paid; check 1739, dated 5/26/2021